

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 TRSE-00 OMB-01 AID-20

FRB-02 SP-03 NSC-07 RSC-01 CIEP-02 SS-20 STR-08

CEA-02 CIAE-00 COME-00 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 PA-04 PRS-01 USIA-15 DRC-01 /173 W

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R 291003Z APR 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 6887

INFO AMEMBASSY ABU DHABI

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

C O N F I D E N T I A L JIDDA 2263

E.O. 11652: GDS

TAGS: EFIN, SA

SUBJECT: ANWAR ALI'S VISIT TO IBRD

REF: A. JIDDA 1884

B. JIDDA 2068 (NOTAL)

BEGIN SUMMARY: GOVERNOR ANWAR ALI OF THE SAUDI ARABIAN MONETARY AGENCY WILL BE IN WASHINGTON FROM APRIL 29 FOR DISCUSSIONS WITH THE IBRD ON TERMS OF A POSSIBLE MAJOR SAUDI INVESTMENT IN BONDS. GOVERNOR ALI MAY ATTEND DEPUTIES' MEETING IN PARIS MAY 8; ALTERNATIVELY HE MAY BE AVAILABLE FOR FURTHER CONSULTATIONS WITH KEY USG FINANCIAL FIGURES IN WASHINGTON. HE WOULD LIKE TO MEET TREASURY-DESIGNATE SIMON. END SUMMARY.

1. ON APRIL 27, GOVERNOR ANWAR ALI TOLD ECONOMIC COUNSELOR THAT
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THE GOVERNOR WOULD ARRIVE IN WASHINGTON THE FOLLOWING DAY

FOR DISCUSSIONS WITH IBRD ON POSSIBLE SUBSTANTIAL INVESTMENT BY SAG IN BONDS OR OTHER INSTRUMENTS. HE THOUGHT DISCUSSIONS MIGHT LAST SEVERAL DAYS AND WOULD LIKELY END IN QUITE SUBSTANTIAL NEW INVESTMENT OF SAUDI SURPLUSES, "IF THE TERMS WERE RIGHT."

2. SAID HE WOULD ALSO BE CONSULTING IBRD LEGAL STAFF ON PROPOSED NEW FORMAT FOR ISLAMIC DEVELOPMENT BANK. FOLLOWING THOSE DISCUSSIONS, HE HOPED TO FIND TIME TO ATTEND MEETING OF DEPUTIES OF IMF IN PARIS MAY 8.

3. IN WIDE RANGING DISCUSSIONS ON RESULTS OF RECENT IMF VISIT (REFTEL A) HE INDICATED THAT NO FIRM COMMITMENT HAD BEEN MADE BY SAG AND THAT HE PERSONALLY STILL REMAINED SOMEWHAT DOUBTFUL ABOUT RETURNS CONCEPT BEHIND WITTEVEEN PROPOSALS. AT SAME TIME, HE SAID HE COULD NOT UNDERSTAND REASON WHY USG WAS OPPOSING USE OF SDR'S OR OTHER METHODS OF RELIEVING PRESSURES ON LDC'S. (THE FIRST IMF TECHNICIAN ASSIGNED TO SAMA IN SOME TIME HAS ARRIVED IN JIDDA.)

4. HE INDICATED THAT WORK WOULD GO FORWARD DURING HIS ABSENCE ON PLANS TO INVEST IN SOUND USG INSTRUMENTS THROUGH THE FEDERAL RESERVE (REFTEL B). DECISIONS WOULD PROBABLY HAVE TO AWAIT HIS RETURN.

5. HE FEELS MORE AND MORE STRONGLY THAT MONETARY REFORM MECHANISMS WILL PROVE INADEQUATE TO DEAL WITH CURRENT CRISES AND THAT USG AND SAUDI ARABIA MAY HAVE TO TAKE SOME LEAD ON THIS MATTER. (THE INFERENCE WAS THAT MOST OF THE LEADING WOULD BE EXPECTED FROM THE USG WHILE SAG RESERVES ITS DECISIONS AND/OR AMENDMENTS OF OUR PROPOSALS.)

6. HE NOTED THAT HE HAD FAILED TO MEET WITH TREASURY-DESIGNATE SIMON LAST TIME HE WAS IN THE U.S. HE EXPRESSED INTEREST IN MEETING WITH HIM THIS TIME, PARTICULARLY IF HE DID NOT RPT NOT GO TO PARIS MEETING.

7. ACTION REQUESTED: THAT DEPARTMENT HELP SET UP MEETING BETWEEN ANWAR ALI AND WILLIAM SIMON. (PERHAPS CONFIDENTIAL

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SIMON COULD GET IN TOUCH WITH ALI TO SUGGEST A LUNCH OR MEETING.)
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